

Message Text

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INFO OCT-01 ISO-00 EB-11 TRSE-00 COME-00 AGR-20 RSC-01

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FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

INFO AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY TEGUCIGALPA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY BRASILIA

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E.O. 11652:N/A

TAGS: EAGR, CO

SUBJECT: BANANA EXPORT TAX

REFS: (A) BOGOTA 4044, (B) QUITO 3021, (C) BOGOTA 3896,
(D) STATE 76867

1. COLOMBIAN TAX ACTION REPORTED REFTTEL FITS INTO
LARGER PROBLEM CURRENTLY UNDER STUDY BY DEPARTMENT.

2. IN ORDER THAT WE MAY UNDERSTAND SITUATION AND ASSESS
IMPLICATIONS CORRECTLY, INFORMATION ON FOLLOWING POINTS
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WOULD BE APPRECIATED:

A. IS "EXPORTER" UPON WHOM TAX LEVIED LEGALLY DEFINED IN COLOMBIA AS THE GROWER OF THE FRUIT OR AS THE COMPANY WHICH PURCHASES FROM THE GROWER FOR SHIPMENT ABROAD?

B. IF "EXPORTER" CATEGORY INCLUDES BOTH GROWERS AND EXPORT/SHIPPERS, WHAT IS APPROXIMATE PROPORTION OF EXPORTS HANDLED BY EACH CATEGORY?

C. AT WHAT POINT DOES SALE OF BANANAS TO FOREIGN COMPANIES ACTING AS EXPORTERS OCCUR? AT FARM, DOCKSIDE, ABOARD SHIP, OR WHERE?

D. ARE WE CORRECT IN THINKING SUCH SALE IS PRICED IN PESOS, THAT EXPORTER COMPANY THEN SELLS FOR DOLLARS IN U.S. MARKET AND IS REQUIRED BY COLOMBIAN LAW TO BRING BACK FOREIGN EXCHANGE PROCEEDS IN SPECIFIED AMOUNT ("REINTEGRO" FOR SALE TO CENTRAL BANK FOR PESOS? WHAT IS THE PRICE IN PESOS AND IN DOLLARS?

E. DOES EXPORTER COMPANY PROFIT THEN CONSIST OF ANY DOLLAR EXCHANGE EARNED IN EXCESS OF "REINTEGRO"?

F. CAN THE EXPORTER EARN INCOME IN PESOS OVER AND ABOVE HIS COSTS FOR FRUIT, TRANSPORT, LONGSHOREMEN, ETC. THROUGH EXCHANGE OF DOLLARS AT CENTRAL BANK, (I.E., A PROFIT IN PESOS)?

G. IS THERE AN AVOIDANCE OF TAX BY USE OF THE EXCHANGE PROCEDURES?

H. IS ANY REBATE OF "REINTEGRO" PROCEEDS MADE TO GROWER?

I. REF (A) INDICATES DIFFERENTIAL APPLICATION OF EXPORT TAX. ARE FURTHER DETAILS AVAILABLE OF MFN IMPLICATIONS (SEE REF D)? RUSH

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